



Irish Life Weekly Investment Bulletin

The week that was – WEEK 05 2019 (ending 01/02/2019)

“The greatest victory is defeat.” – Henrik Ibsen

Fed leaves U.S. rates on hold as it adopts “patient” stance – The Federal Reserve Open Market Committee voted an unanimous 10-0 to hold interest rate at 2.25% to 2.5% and said it will be “patient” on any future interest-rate moves, in a substantial move away from its bias in December to higher borrowing costs.

UK Parliament votes to renegotiate Brexit deal – The House of Commons voted 317 to 301 in favor of renegotiating with European Union (EU) officials the “backstop” provision of the Brexit agreement. The other amendment supported (318 to 310) was that the UK would not leave the EU without an agreement in place.

Global stock market up 1.3% from 25th January to 1st February – The MSCI AC World TR Index showed a 1.28% return from 25th January to 1st February after ‘soothing’ rate comments from the U.S. Federal Reserve, to give a fifth consecutive week of positive returns. The Vix index fell further on the week to 16.14.

U.S. jobs jump of 304,000 in January beats expectations by huge margin – The Labor Department reported that non-farm payrolls jumped by 304,000 in January (the 100th consecutive month of gains) compared to expectations of a 170,000 rise but December’s gain was revised down by 90,000 to 222,000.

Eurozone unemployment rate at 7.9% in December – According to the latest figures from Eurostat, the euro area (EA19) seasonally-adjusted unemployment rate was 7.9% in December 2018, the same as November 2018 and down from 8.6% in December 2017. This remains the lowest rate since October 2008.

New EU-Japan Economic Partnership Agreement now in place from 1st February – Called the world’s largest free trade agreement, the EU-Japan Economic Partnership Agreement, which removes many trade barriers, came into force on Friday, covering 635 million people and almost one-third of the world’s economy.

The Story of the week: A Freudian slip? The BBC has blamed “human error” for a suggestion on its News at Six on Wednesday that Prime Minister Theresa May would be flying back to Brussels for more Brexit talks in a WW2 Spitfire aircraft after black and white footage of the iconic planes was shown as newsreader Sophie Raworth summarised the PM’s plan to reopen Brexit talks with EU leaders. However some pro-EU Twitter users suggested it was a deliberate attempt by the broadcaster to send a subliminal message about May’s ‘battle for Britain’ against the E.U.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2014	2015	2016	2017	2018	2019 YTD (to 01/02)
MSCI AC World (Gross TR)	9.9	1.8	9.7	20.4	-7.2	7.3
ISEQ Overall Return	16.8	33.6	-2.7	9.7	-20.5	6.5
FTSE 100 TR	0.7	-1.3	19.1	11.8	-8.5	4.3
Euro Stoxx 50 TR	4.0	6.4	3.7	9.2	-12.0	5.9
S&P 500 TR	13.7	1.4	12.0	21.8	-4.4	8.1
Nasdaq Composite	13.4	5.7	7.5	28.2	-3.9	9.5
Nikkei 225	7.1	9.1	0.4	19.1	-10.2	3.9
MSCI Emerging Markets	2.6	-8.0	7.1	27.8	-12.2	7.3
Eurozone Government Bonds 1–5 yr	3.4	1.0	0.9	-0.2	0.0	0.1
Sovereign 10yr Bond Yields (%)	2014	2015	2016	2017	2018	2019 YTD
U.S.	2.2	2.2	2.4	2.4	2.7	2.7
German	0.5	0.6	0.2	0.4	0.2	0.2
UK	1.9	1.9	1.2	1.2	1.3	1.2
Japan	0.3	0.2	0.0	0.0	0.0	0.0
Ireland	1.3	1.1	0.7	0.7	0.9	0.9
Italy	2.1	1.6	1.8	2.0	2.8	2.7
Greece	9.6	7.9	7.1	4.1	4.4	3.9
Portugal	2.7	2.5	3.8	1.9	1.7	1.6
Spain	1.6	1.7	1.4	1.6	1.4	1.2
Central Bank Rates (%)	2014	2015	2016	2017	2018	2019 YTD
ECB	0.05	0.05	0.0	0.0	0.0	0.0
Bank of England	0.50	0.50	0.25	0.50	0.75	0.75
U.S. Federal Reserve	0.25	0.50	0.75	1.50	2.50	2.50
Foreign Exchange Rates	2014	2015	2016	2017	2018	2019 YTD
Euro/Dollar (€/\$)	1.21	1.09	1.04	1.20	1.15	1.14
Euro/Sterling (€/£)	0.78	0.75	0.84	0.89	0.90	0.88
Sterling/Dollar (£/\$)	1.56	1.46	1.24	1.36	1.28	1.31
IPD All Property Return % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD
Ireland	12.3	36.1	25.1	12.6	8.1%	5.5% (To end of Q3)
U.K.	10.9	17.9	13.3	3.6	10.3%	3.7% (To end of Q3)
U.S.	11.6	11.5	12.5	7.7	7.1%	3.7% (To end of Q3)

*Past performance is not a reliable guide to future performance and may fall as well as rise.